

# HOUSE BILL REPORT

## HB 2098

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### As Reported by House Committee On:

Health Care & Wellness

Appropriations

**Title:** An act relating to providing high quality, affordable health care to Washingtonians based on the recommendations of the blue ribbon commission on health care costs and access.

**Brief Description:** Providing high quality, affordable health care to Washingtonians based on the recommendations of the blue ribbon commission on health care costs and access.

**Sponsors:** Representatives Cody, Upthegrove, Morrell, Kenney, Conway, Simpson, Hudgins and Ormsby; by request of Governor Gregoire.

### Brief History:

#### Committee Activity:

Health Care & Wellness: 2/12/07, 2/19/07 [DPS];

Appropriations: 2/27/07, 3/1/07 [DP2S(w/o sub HCW)].

#### Brief Summary of Second Substitute Bill

- Implements recommendations of the Blue Ribbon Commission on Health Care Costs and Access.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Cody, Chair; Morrell, Vice Chair; Barlow, Campbell, Green, Moeller, Pedersen, Schual-Berke and Seaquist.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Hinkle, Ranking Minority Member; Alexander, Assistant Ranking Minority Member; Condotta and Curtis.

**Staff:** Dave Knutson (786-7146).

#### Background:

The Blue Ribbon Commission on Health Care Costs and Access (Commission) met from June to December 2006. It was created by the Legislature and charged with delivering a five-year

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plan for substantially improving access to affordable health care for all Washingtonians. The Commission was co-chaired by Governor Gregoire and Senator Thibodeau, and included 12 other legislative and state agency leaders. The Commission met throughout the interim, and issued their recommendations in January 2007.

The recommendations encompass 16 main topic areas, with multiple action steps for each area. In brief, they are: use state purchasing to improve health care quality; become a leader in the prevention and management of chronic illness; provide cost and quality information for consumers and providers; deliver on the promise of health information technology; reduce unnecessary emergency room visits; reduce health care administrative costs; support community organizations that promote cost-effective care; give individuals and families more choice in selecting private insurance plans that work for them; partner with the federal government to improve coverage; organize the insurance market to make it more accessible to consumers; address the affordability of coverage for high-cost individuals; ensure the health of the next generation by linking insurance coverage with policies that improve children's health; initiate strategies to improve childhood nutrition and physical activity; pilot a health literacy program for parents and children; strengthen the public health system; and integrate prevention and health promotion into state health programs.

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### **Summary of Substitute Bill:**

A wide variety of projects are initiated within state agencies. The Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) must initiate a number of efforts focused on quality improvements, including: developing a five-year plan by September 1, 2007, to change reimbursement to reward quality and incorporate evidence-based standards; report on trends in unnecessary emergency room use by December 1, 2007, and design a pilot to reduce such visits; and, in conjunction with the Department of Labor and Industries and the Department of Health (DOH), develop a five-year plan by September 1, 2007, to integrate disease and accident prevention and health promotion into all state health programs.

In addition, DSHS must: design and implement medical homes for their aged, blind and disabled clients, focused on chronic care management and expansion of best practices; seek federal waivers and state plan amendments that seek to expand coverage and leverage all available funding, explore alternative benefit designs, and expand enrollment in employer-sponsored insurance premium assistance for the State's Children's Health Insurance Program (SCHIP); and ensure enrollees are not simultaneously enrolled in the medical assistance program or SCHIP, and the Basic Health program.

In addition, HCA must: implement a pilot for shared decision making for common medical decisions, with an evaluation and a report to the Legislature by June 30, 2009; create the Washington State Quality Forum, in collaboration with the Puget Sound Health Alliance, to collect research and health care quality data; and design and pilot a consumer-centric health information infrastructure with a first health record bank.

The DOH must: provide training and technical assistance for providers of primary care, focused on caring for people with chronic conditions and high quality preventive and chronic disease care.

The Office of the Insurance Commissioner (OIC) must report on opportunities to reduce key health care administrative costs by September 1, 2007. The Office of Financial Management, in collaboration with OIC, must design a reinsurance program for individuals and small groups and submit implementing legislation and funding options by December 1, 2007.

All insurance carriers and the state employee programs must offer enrollees an opportunity to extend coverage for unmarried dependents up to age 25, effective January 1, 2008. The Washington State Health Insurance Program (WSHIP) must offer at least one policy with benefits similar to those in the private, individual market, and add chronic care management.

**Substitute Bill Compared to Original Bill:**

The study of a health care connector by the HCA is deleted. The requirement that the DSHS apply for permission to operate a health opportunity account is deleted. The public health performance measure funding initiative is deleted. The HCA is directed to offer public employees a health saving account option during the 2008 open enrollment period. Statutory authority to enroll people eligible for medical assistance in employer-sponsored health coverage outside any open enrollment periods is codified in chapter 48.43 RCW rather than in chapter 74.09 RCW.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed, except for sections 10 through 14, relating to coverage of dependents under their parents' health coverage, which takes effect January 1, 2008.

**Staff Summary of Public Testimony:**

(In support) The changes to the Washington State Health Insurance Pool are necessary to improve the program. This bill is an important contribution to improving health care. The bill is a balanced approach to addressing health care reform. The basic health plan should be expanded right away. Reinsurance and the connector should not be limited to the individual and small group markets.

(In support with amendment) The state should develop a business plan for a connector before implementing it. Reform efforts should build on the solid foundation of the basic health plan and the small employer health insurance program. The reinsurance mandate could add to costs and have unanticipated consequences.

(Neutral) It is hard to oppose a bill like this that does not do anything. Over 75 percent of the things in this bill can be enacted without passing a bill.

(Opposed) None.

**Persons Testifying:** (In support) Governor Gregoire; Senator Thibaudeau; Robby Stern, Washington State Labor Council; Mellani McAleenan, Association of Washington Business; Carolyn Logue, National Federation of Independent Business; Gary Smith, Independent Business Association; and Vicki Kirkpatrick, Washington State Association of Local Public Health Officials.

(In support with amendment) Nancy Ellison, Regence Blue Shield; Karen Merriken, Group Health Cooperative; and Audrey Halvorson, Primera Blue Cross.

(Neutral) Representative Erickson; and Cassandra De La Rosa, Retired Public Employees Council of Washington.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 22 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Morrell, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

**Minority Report:** Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Dunn, Hinkle, Kretz, McDonald, Priest and Walsh.

**Staff:** David Pringle (786-7310).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:**

The five year plan is to change reimbursement policies in state purchased health care plans to create incentives for providers to enter and remain in primary care practice, and address disparities in payment between primary and specialty procedures. The promotion of quality care in the five year plan must also enable providers to effectively carry out chronic care management.

The Department of Health shall increase health professional license fees to cover the cost of the contract with the University of Washington to give the health professionals online access to the University health sciences library.

**Appropriation:** None.

**Fiscal Note:** Available. Preliminary fiscal note available on substitute bill.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed, except for sections 11 through 15, relating to coverage of dependents under their parents' health coverage, which takes effect January 1, 2008.

**Staff Summary of Public Testimony:**

(In support) Thank you for supporting this important bill. We believe it will be difficult to implement the requirement that Health Service Account plans be offered by 2008. This bill takes some small but important steps in the right direction.

(With concerns) We are concerned about the connector proposals that appeared in the earlier version of the bill. We supported the bill as introduced, particularly the parts of the bill that proposed to study the connector concept, but we don't know what impact the type of program would have on individuals and employers. We are concerned both about things that have been included in this bill, and the things that have been left out. We are also concerned about the role of businesses in providing health care and the entire basis of our employer-based health care system. We believe it is a system in crisis.

(Opposed) None.

**Persons Testifying:** (In support) Christina Hulet and Nick Lutes, Office of the Governor.

(With concerns) Damiana Merryweather, UFCW State Council; Greg Seifert, Washington Association of Health Underwriters; Carolyn Logue, National Federation of Independent Businesses; Mel Sorensen, America's Health Insurance Plans; and Rachel Berkson, SEIU Washington State Council.

**Persons Signed In To Testify But Not Testifying:** None.